

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice SU-78

For: State and County Offices

2002 Crop Year Sugar Program

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides for 2002 through 2007 crop Sugar Loan Program.

For processors to be eligible for loans, sugar must be stored in CCC-approved warehouses to ensure the quantity and quality of CCC's loan collateral or inventories.

Processors are eligible for loans only if the processor has agreed to all the terms and conditions in the loan application, and has executed a note and security agreement, and storage agreement with CCC.

10-SU will be amended within the next 2 weeks to reflect the new policy and procedures for the 2002 through 2007 crop Sugar Loan Program.

B

Purpose

This notice provides:

- information on new policies and procedures
- contact information for requesting CCC warehouse approval
- 2002 minimum grower payment information
- instructions to County Offices to begin processing loans as of October 1, 2002
- 2002 crop year loan rates.

Disposal Date

October 1, 2003

9-30-02

Distribution

State Offices; State Offices relay to County Offices

2 General Provisions

A

2002 Changes

Changes for 2002 crop sugar loans include the following:

- raw or refined beet sugar or sugarcane loans will be disbursed as warehouse-stored loans
- in-process sugar loans are a new commodity and will be disbursed as farm-stored loans
- sugar warehouses must be approved by CCC
- warehouse documents will be issued instead of warehouse receipts and will be presented to County FSA Offices at time of loanmaking
- premiums and discounts will:
 - apply only at time of forfeiture for raw cane sugar
 - be available in a future 10-SU amendment.

Note: 10-SU will be:

- amended to provide policy and procedures relating to 2002 crop sugar
 - issued within the next 2 weeks.
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CCC-Approved Sugar Warehouses

Processors intending to seek approval for storing sugar under this program must obtain a Sugar Storage Agreement, similar to the Uniform Grain and Rice Storage Agreement. KCCO will administer and approve the Sugar Storage Agreement. Processors may contact KCCO, Bulk Commodities Division, Storage Contract Branch at 816-926-6446 for additional information on becoming an approved sugar warehouse.

KCCO will issue warehouse codes to sugar processors. Once the sugar processor has received a warehouse code, sugar stored in this processor's facilities will be eligible for loan.

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2 General Provisions (Continued)

C

Warehouse Documents

When processors request marketing assistance loans, the processors must submit 1 of the following documents:

- KC-227 for raw sugar
- KC-227-A for refined sugar.

County Offices shall:

- use this information when completing loan requests **without** applying the premiums and discounts
 - attach the documents to the Note and Security Agreement and file in the loan folder in the normal manner.
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In-Process Sugar Loans

Beginning with the 2002 crop year, in-process sugar loans will be made available to processors.

In-process sugar loans are nonrecourse loans made available to processors of a crop of domestically grown sugarcane or sugar beets for in-process sugars derived from the crop.

Because this information is detailed in a forthcoming 10-SU amendment, contact Elizabeth Hill, PSD, at 202-720-9888 or Danielle Cooke, PSD, at 202-720-1919, through the State Office, for further instructions if County FSA Offices receive in-process sugar loan requests before the amendment is issued.

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2 General Provisions (Continued)

E Minimum Grower Payments

Processors who receive CCC loans are required to make minimum grower payments for all sugar beets and sugarcane received from growers.

The minimum grower payment for:

- beet sugar is the amount specified in the grower/processor contract
- sugarcane, is by State according to this table.

State	Minimum Payment
Florida	\$25.00 per net ton
Hawaii	\$23.39 per net ton
Louisiana	\$23.98 per gross ton
Texas	\$21.99 per gross ton
Puerto Rico	\$14.94 per gross ton

Processors failing to meet the required minimum grower payment will be ineligible for loans during the subsequent crop year.

F Software

Software for processing 2002 sugar nonrecourse marketing assistance loans will not be available by October 1, 2002. County Offices shall prepare SU-2 in the normal manner and manually prepare the Note and Security Agreement according to 8-LP, paragraph 490.

Disburse loans using the following program codes:

- in-process cane, XXIPCS
- in-process beet, XXIPBS
- beet sugar, XXBSUG
- sugarcane , XXCSUG.

Note: Replace “XX” with the crop year, as applicable.

Continued on the next page

2 General Provisions (Continued)

G

Completing Loan Requests

County Offices shall:

- accept loan requests from eligible processors who:
 - have a warehouse code
 - provide the County Office with either KC-227 or KC-227-A
 - perform lien searches and file UCC-1 for each loan request in the normal manner
 - contact Elizabeth Hill for further information before filing UCC-1 for in-process sugar loans
 - manually disburse loan requests in the normal manner.
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Contact Persons

An amendment to 10-SU and the software are scheduled to be issued in mid-October. Until the amendment and software are received, contact, through the State Office, either of the following for additional information:

- Elizabeth Hill at 202-720-9888
 - Danielle Cooke at 202-720-1919.
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3 2002 Sugar Loan Rates

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National Average

The National weighted average loan rate for the 2002 crop of domestically grown sugar is:

- 22.90 cents per pound for refined beet sugar
 - 18.00 cents per pound for raw value sugarcane.
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Regional Loan Rates for Refined Beet Sugar

This table provides the 2002 crop regional loan rates for refined beet sugar.

State	Loan Rate Cents per Pound
Michigan Ohio	23.69
Minnesota North Dakota (Eastern half)	22.84
Colorado (Northeastern quarter) Nebraska Wyoming (Southeastern quarter)	23.86
Montana Wyoming (Northwestern quarter) North Dakota (Western half)	22.87
Idaho Oregon Washington	22.19
California	23.56

In-process sugar loan rate is 80 percent of the applicable loan rate.

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3 2002 Sugar Loan Rates (Continued)

C
Regional Loan
Rates for Cane
Sugar

This table provides the 2002 crop regional loan rates for cane sugar, raw value.

State	Loan Rate Cents per Pound
Florida	17.73
Hawaii	17.33
Louisiana	18.44
Texas	18.11
Puerto Rico	18.33
Sugar processed in Hawaii or Puerto Rico, but placed under loan in the continental U.S.	18.00

In-process sugar loan rate is 80 percent of the applicable loan rate.
